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C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 001230

SIPDIS

E.O. 12958: DECL: 05/30/2013

TAGS: PGOV PREF PHUM PREF PHUM HR HRPGOV SUBJECT: KEEPING THE HDZ AT ARM'S LENGTH

REF: ZAGREB 519

CLASSIFIED BY: POLOFF A.F.GODFREY FOR REASONS 1.5 (B.D)

SUMMARY

11. (C) THE USG WILL CONTINUE TO HOLD THE HDZ AT ARM'S LENGTH CONFIDENTIAL

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UNTIL IT HAS DEMONSTRATED -- IN ACTIONS, NOT JUST WORDS -THAT IT WILL SUPPORT POLICIES WHICH ADVANCE OUR STRATEGY FOR ACHIEVING STABILITY IN THE REGION. THAT WAS THE MESSAGE THE AMBASSADOR DELIVERED TO HDZ PRESIDENT IVO SANADER OVER LUNCH THE HDZ CONTINUES TO TAKE A POSITIVE LINE ON SOME TOUGH BILATERAL ISSUES WHERE THE CURRENT GOVERNMENT HAS NOT (LIKE IRAQ AND THE ICC), BUT HAS MADE NO PROGRESS TOWARD BENCHMARKS SET BY THE AMBASSADOR ON ICTY COOPERATION, REFUGEE RETURNS AND INTERNAL PARTY REFORMS. SANADER SAID HE IS "DEEPLY CONVINCED" OF THE VITAL ROLE OF THE U.S. AS THE GUARANTOR OF SECURITY IN EUROPE AND PLEDGED THAT STRONG TIES WITH THE U.S. WILL BE A TOP PRIORITY SHOULD THE HDZ RETURN TO GOVERNMENT AFTER PARLIAMENTARY ELECTIONS. HE CLAIMED THAT UNTIL THE NEXT PARLIAMENT IS SEATED, HE HAS LITTLE FREEDOM TO ACT ON SOME POLITICALLY SENSITIVE ISSUES, BUT PROMISED THAT AN HDZ GOVERNMENT (IF ELECTED) WOULD PRODUCE BETTER RESULTS ON THESE ISSUES THAN THE CURRENT COALITION. END SUMMARY.

## FOLLOW-UP TO FEBRUARY MEETING

- 12. (C) ON MAY 27, THE AMBASSADOR MET WITH HDZ PRESIDENT IVO SANADER OVER LUNCH TO FOLLOW UP THEIR INITIAL MEETING ON FEBRUARY 21 (REFTEL). WITH SANADER WAS MIOMIR ZUZUL, FORMERLY CROATIA'S AMBASSADOR TO THE U.S., WHO PARTICIPATED ACTIVELY IN THE DISCUSSION. AT THEIR FIRST MEETING, SANADER HAD EXPRESSED KEEN INTEREST IN DEVELOPING CLOSER TIES WITH THE EMBASSY WITH A VIEW TOWARD SHOWING CROATIAN VOTERS -- AND POTENTIAL COALITION PARTNERS -- THAT THE HDZ "REFORMS" HAVE BEEN RECOGNIZED BY THE USG. AT THAT SAME MEETING, THE AMBASSADOR HAD SET OUT A SERIES OF SPECIFIC ACTIONS THE HDZ CONFIDENTIAL
- PAGE 03 ZAGREB 01230 01 OF 02 300952Z NEEDED TO TAKE ON ISSUES RELATING TO REGIONAL SECURITY IN ORDER TO GET THE U.S. VALIDATION THEY SO AVIDLY SOUGHT.

HDZ'S SOLID SUPPORT ON IRAQ, ARTICLE 98

13. (C) THE AMBASSADOR TOLD SANADER THAT THE USG RECOGNIZES THE STRONG SUPPORT THE HDZ HAS GIVEN TO THE U.S. ON TOUGH BILATERAL ISSUES, ESPECIALLY ON IRAQ AND MORE RECENTLY IN CALLING FOR CROATIAN TO SIGN AN ARTICLE 98 AGREEMENT WITH THE U.S. SANADER SAID HE IS "DEEPLY CONVINCED" THAT THE TRANSATLANTIC RELATIONSHIP IS ESSENTIAL TO EUROPEAN SECURITY. HE REGRETS THE CURRENT COALITION'S ACTIONS WHICH HAVE DAMAGED THE RELATIONSHIP. THE HDZ RECOGNIZES THAT CROATIA'S FUTURE IS IN EUROPE, BUT THERE SHOULD BE A MORE APPROPRIATE BALANCE, RECOGNIZING THE ROLE OF THE USG. IN AN HDZ GOVERNMENT, RELATIONS WITH THE U.S. WILL BE A HIGHER PRIORITY, SANADER DECLARED. HE REJECTED THE ANALYSIS BY MANY IN THE MEDIA THAT HE HAS TAKEN PRO-U.S. POSITIONS ONLY TO GET OUR APPROVAL FOR THE REFORMS HE IS CARRYING OUT. THE EUROPEAN PEOPLE'S PARTY GAVE THE HDZ THE ONLY "SEAL OF APPROVAL" IT NEEDED WHEN IT VOTED TO GRANT THE HDZ OBSERVER STATUS IN THE EPP.

AMBASSADOR: NOT ENOUGH PROGRESS ON KEY ISSUES

14. (C) THE AMBASSADOR TOOK NOTE OF THE CHANGES IN THE HDZ IN THE PAST THREE YEARS; WITHOUT THEM EVEN THE RECENT LIMITED ENGAGEMENT WITH SANADER WOULD NOT HAVE BEEN POSSIBLE. BUT THE AMBASSADOR UNDERSCORED THAT THERE HAD BEEN NO SIGNIFICANT CONFIDENTIAL

PAGE 04 ZAGREB 01230 01 OF 02 300952Z PROGRESS TOWARD THE BENCHMARKS SET DURING THEIR FIRST MEETING. THE AMBASSADOR REITERATED THE STEPS THE HDZ NEEDS TO TAKE BEFORE THE U.S. CAN CONSIDER ENGAGING THE PARTY AS A SERIOUS PARTNER.

PARTY "REFORM" MUST MOVE BEYOND POLITICAL HOUSECLEANING.
LJUBO CESIC-ROJS, AN OUTRAGEOUS NATIONALIST FIGURE WHO
CONTINUES TO ACTIVELY DISRUPT INTERNATIONAL COMMUNITY EFFORTS
TOWARD ACHIEVING REGIONAL STABILITY, REMAINS IN THE PARTY,
EVEN THOUGH SANADER HAD TOLD THE AMBASSADOR IN FEBRUARY THAT
HE WAS ON THE WAY OUT. BRANIMIR GLAVAS, THE OSIJEK WARLORD
SUSPECTED OF INVOLVEMENT IN SEVERAL WAR CRIMES, CONTINUES TO
HOLD A POSITION OF SERIOUS RESPONSIBILITY IN THE HDZ.

## - ICTY COOPERATION

THIS IS NOT A NEGOTIABLE ISSUE. WE LOOK FOR A PUBLIC DECLARATION THAT THE HDZ WILL NOT SEEK TO CHANGE THE ICTY COOPERATION LAW IF IT GETS INTO GOVERNMENT, AND THAT THE HDZ WILL ABIDE BY THE LAW, PROMPTLY SERVE INDICTMENTS AND MAKE A GOOD-FAITH EFFORT TO FIND ICTY INDICTEES.

- REFUGEE RETURN

## CONFIDENTIAL

CONFIDENTIAL PTO4130

PAGE 01 ZAGREB 01230 02 OF 02 300953Z ACTION EUR-00

NP-00 AID-00 SRPP-00 DS-00 EB-00 IO-00 L-00 VGP 01 CIAE-00 INL-00 FBIE-00 VC-00 AC-01 NSAE-00 PM-00 PRS-00 DODE-00 PERC-00 TEDE-00 INR-00 L-00 VCE-00 OPIC-01 PA-00 NSAE-00 NSCE-00 OIC-02 OMB-01 PM - 00PRS-00 ACE-00 P = 0.0STR-00 G-00 IRM-00 SCT-00 SP-00 TRSE-00 USIE-00 PMB-00 DSCC-00 PRM-00 DRL-01 NFAT-00 SAS-00 SWCT-00 /006W

----6CF374 300953Z /38

P 300933Z MAY 03 FM AMEMBASSY ZAGREB TO SECSTATE WASHDC PRIORITY 0359

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C O N F I D E N T I A L SECTION 02 OF 02 ZAGREB 001230

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AS IN FEBRUARY, THE AMBASSADOR TOLD SANADER THAT HE NEEDS TO MAKE HIS PARTY POLICY ON THIS ISSUE CLEAR AND THEN PUBLICLY CALL FOR HDZ MEMBERS IN RESPONSIBLE POSITIONS TO FOLLOW THIS POLICY. SOME LOCAL-LEVEL HDZ LEADERS ARE ACTIVELY OBSTRUCTING RETURN. SANADER HASN'T TAKEN THIS ISSUE UP. WE WOULD NEED TO SEE A CLEAR AND PUBLIC STATEMENT ON THIS ISSUE NOW.

## CONFIDENTIAL

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SANADER: "MY HANDS ARE TIED"

15. (C) AS HE DID IN FEBRUARY, SANADER EXPLAINED THAT HE IS A "HOSTAGE TO THE PARTY CAUCUS" IN THE PARLIAMENT, ALL OF WHOM WERE SELECTED BEFORE HE WAS ELECTED AS HDZ PRESIDENT AND MANY OF WHOM RESIST HIS EFFORTS TO TRANSFORM THE HDZ INTO A MAINSTREAM CENTER-RIGHT PARTY. HE NOW SEEKS CHANGES TO THE HDZ BY-LAWS WHICH WILL TRANSFER RESPONSIBILITY FOR DETERMINING WHO WILL BE ON PARTY CANDIDATE LISTS FROM THE 100-MEMBER HDZ "EXECUTIVE COMMITTEE" TO THE 13-MEMBER PARTY

100-MEMBER HDZ "EXECUTIVE COMMITTEE" TO THE 13-MEMBER PARTY PRESIDENCY, OVER WHICH HE HAS FIRM CONTROL. IF HE SUCCEEDS IN MAKING THIS CHANGE AT THE JUNE 21 PARTY CONGRESS, HE PLANS TO MAKE SWEEPING CHANGES TO THE MEMBERSHIP OF THE PARTY CAUCUS, WITH MORE THAN 80 PERCENT "NEW BLOOD" IN THE NEXT PARLIAMENT.

- 16. (C) ON CESIC-ROJS, SANADER AGREED THAT IT IS TIME FOR ROJS TO GO, AND PROMISED HE WOULD BE OUT AFTER THE JUNE HDZ PARTY CONGRESS. HE GAVE NO GROUND ON GLAVAS, INSISTING THAT AS FAR AS HE IS CONCERNED GLAVAS' ONLY PROBLEM IS ONE OF IMAGE; HE HAS NO INFORMATION WHICH HE CONSIDERS CREDIBLE IMPLICATING GLAVAS OF ANY WRONGDOING. HE ADMITTED, HOWEVER, THAT GLAVAS' AGGRESSIVE APPROACH IS A LIABILITY FOR THE HDZ. SANADER POINTED OUT THAT IF THE CHANGES TO PARTY BY-LAWS HE SEEKS ARE APPROVED, THE ROLE OF THE PARTY EXECUTIVE COMMITTEE -- OF WHICH GLAVAS IS A MEMBER -- WILL BE REDUCED.
- 17. (C) ON TAKING A PUBLIC, PROACTIVE STANCE ON ISSUES RELATING TO ICTY COOPERATION AND REFUGEE RETURN, SANADER SAID CONFIDENTIAL
- PAGE 03 ZAGREB 01230 02 OF 02 300953Z
  THAT UNTIL HE HAS A CHANCE TO CHANGE THE MAKEUP OF HIS
  PARLIAMENTARY DELEGATION, HIS HANDS WILL BE TIED. THE HDZ
  HAS, SANADER ARGUED, TAKEN THE LEAD ON SOME PROGRESSIVE
  POLICIES. THE GOVERNMENT'S EFFORT TO PASS A NEW
  CONSTITUTIONAL LAW ON NATIONAL MINORITIES (CLNM) WAS

FOUNDERING IN BITTER ARGUMENTS WITH ETHNIC MINORITY LEADERS UNTIL THE HDZ -- SANADER PERSONALLY -- STEPPED IN TO BROKER A COMPROMISE. NOW, CROATIA'S CLNM IS BROADLY PRAISED BY THE INTERNATIONAL COMMUNITY. REMOVING RIVAL IVIC PASALIC FROM A POSITION OF POWER DID MORE THAN JUST CLEAN HOUSE IN THE HDZ, SANADER CONTINUED; IT ALSO REMOVED A SOURCE OF INAPPROPRIATE INFLUENCE OVER THE INTELLIGENCE SERVICES, PAVING THE WAY FOR THEIR REFORM.

- 18. (C) SANADER MADE A STRONG PITCH FOR THE EMBASSY TO BEGIN TREATING THE HDZ AS IT DOES OTHER CROATIAN POLITICAL PARTIES, INCLUDING ALLOWING IT TO PARTICIPATE IN ONGOING USAID ASSISTANCE PROGRAMS AIMED AT BUILDING POLITICAL PARTY CAPACITY. THE AMBASSADOR DID NOT APOLOGIZE FOR SETTING A HIGH BAR FOR THE HDZ TO CLEAR, HIGHER THAN OTHER PARTIES, BEFORE HE WOULD CONSIDER RECOMMENDING THAT THE USG ENGAGE MORE CLOSELY WITH SANADER'S PARTY. THE HDZ WAS DIRECTLY RESPONSIBLE FOR THE DESTABILIZING AND COUNTERPRODUCTIVE POLICIES OF THE PREVIOUS GOVERNMENT AND WOULD HAVE TO DO MORE THAN DISCUSS POLICY CHANGES IN PRIVATE, THE AMBASSADOR EXPLAINED. SANADER SAID HE UNDERSTOOD, REPEATED HIS COMMITMENT TO IMPROVING THE BILATERAL RELATIONSHIP, AND DECLARED THAT AN HDZ GOVERNMENT WOULD BE MORE EFFICIENT AND WOULD PUT MORE EMPHASIS ON CROATIA'S PROGRESS TOWARD NATO MEMBERSHIP. THE AMBASSADOR TOLD SANADER THAT THE USG WOULD RECOGNIZE REAL HDZ REFORM WHENEVER IT CAME -- BEFORE OR AFTER CONFIDENTIAL
- PAGE 04 ZAGREB 01230 02 OF 02 300953Z ELECTIONS -- AND RESPOND ACCORDINGLY, BUT NOT UNTIL THAT REFORM WAS VISIBLE AND CLEAR.

COMMENT

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19. (C) AS HE DID IN FEBRUARY, SANADER STRUCK US AS PERSONALLY GENUINE. DESPITE HIS ASSURANCES ABOUT HIS EAGERNESS TO IMPROVE HIS PARTY'S STANDING WITH THE U.S., WE DO NOT EXPECT HE WILL MEET THE BENCHMARKS WE SET, AT LEAST NOT BEFORE THE NEXT PARLIAMENTARY ELECTION. WE EXPECT SANADER WILL BE ABLE TO ACHIEVE THE CHANGES TO PARTY BY-LAWS HE OUTLINED TO US DURING THE NEXT PARTY CONVENTION, BUT WE RECOGNIZE THEM FOR WHAT THEY ARE: POLITICAL HOUSECLEANING, NOT DEMOCRATIC REFORM OF THE PARTY. ONCE HE HAS ALL THE REINS IN HIS OWN HANDS, SANADER WILL NO LONGER HAVE ANY EXCUSES FOR NOT DELIVERING. UNTIL THE HDZ DEMONSTRATES --WITH ACTIONS, NOT JUST PRIVATE STATEMENTS -- THAT IT IS A DEMOCRATIC PARTY READY TO WORK FOR STABILITY IN THE REGION, WE SHOULD CONTINUE TO HOLD IT AT ARM'S LENGTH.

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